

ORDINANCE NO. 47-015

AN ORDINANCE EXEMPTING PROPERTY FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO ARTICLE 11, SECTION 13, OF THE KANSAS CONSTITUTION; PROVIDING THE TERMS AND CONDITIONS FOR AD VALOREM TAX EXEMPTION; AND DESCRIBING THE PROPERTY OF COX MACHINE, INC, SO EXEMPTED.

WHEREAS, Article 11, Section 13, of the Kansas Constitution provides that the governing body of the City may, by Ordinance, exempt from all ad valorem taxation all or any portion of the appraised value of certain property meeting the requirements of the constitutional provision; and

WHEREAS, the City of Wichita has adopted an Economic Development Incentive Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the creation of additional jobs or the upgrading of existing jobs and the stimulation of additional private investment; and

WHEREAS, Cox Machine, Inc. requests an ad valorem tax exemption on a proposed expansion project of 70% for a five-year term on certain new manufacturing equipment; and

WHEREAS, Cox Machine, Inc. has operated within the City for more than forty years as a manufacturer of aircraft parts; and

WHEREAS, Cox Machine, Inc. proposes a \$840,163 expansion by the purchase of machinery and equipment to be located at 5338 W. 21<sup>st</sup> N. in northwest Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by Cox Machine, Inc., has reviewed the impact statements provided by Staff, and the Cost-Benefit Analysis by the Wichita State University and has conducted a public hearing on such application on April 18, 2006; and

WHEREAS, the City Council of the City of Wichita has found and determined:

1. Cox Machine, Inc. is an existing business located in Wichita, Kansas and has expanded its business by the purchase of certain personal property.
2. The purchase of personal property for which exemption is given occurred after March 29, 2004. No exemption will be given for purchases which occurred before that date.
3. Such property purchases are to be used exclusively for manufacturing articles of commerce.

4. By such purchases, Cox Machine, Inc. will create new employment for 20 employees within two years after the start of the project.

5. Tax exemption will be given only for the purchase of certain personal property as reflected in Exhibit I attached hereto.

6. The property on which exemption is given will meet the requirements of the Kansas Constitution and the City of Wichita's Economic Development Incentive Policy.

7. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit including the creation of jobs and stimulating additional private investment.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WICHITA, KANSAS,

1. The City Council for the City of Wichita, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by Cox Machine, Inc. is required to retain jobs in the State of Kansas, and that the property to be exempted will be used exclusively for manufacturing articles of commerce.

2. Cox Machine, Inc. is hereby granted an ad valorem tax exemption of 70% for five years on the purchase of personal property, started after March 29, 2004, and located within the Wichita City limits at 5338 W. 21<sup>st</sup> N. in northwest Wichita at an estimated cost of \$840,163, as further defined in Exhibit I attached hereto. Such exemption is to begin in the calendar year after the calendar year in which the expansion is completed, and may be terminated early (and Cox Machine, Inc. may be required to repay amounts previously abated), in the event of any failure by Cox Machine, Inc., to perform its obligations under the Economic Development Incentive Agreement it has executed with the City.

3. The Economic Development Incentive Agreement between the City of Wichita and Cox Machine, Inc. is hereby approved.

4. The City Manager's Office shall be responsible for monitoring the performance of Cox Machine, Inc. and shall provide annual reports on such performance.

5. Such exemption is subject to verification that the level of employment at the time of the completion of the project is at least equal to the level of employment as stated in Cox Machine, Inc.'s written request for ad valorem tax exemptions as presented to the City Council and to administrative staff and dated March 11, 2006, and as stated in Cox Machine, Inc.'s annually approved EEO/AA Plan.

6. Such exemption may hereafter be withdrawn by the City Council upon a finding that Cox Machine, Inc. no longer is entitled to such exemption in accordance with the Economic Development Incentive Policy of the City of Wichita and the terms of the Economic Development Incentive Agreement which Cox Machine, Inc. has executed with the City.

7. The City Council may, at its discretion, require Cox Machine, Inc. to return all funds exempted if there is a failure to meet the terms and conditions of the Economic Development Incentive Agreement which Cox Machine, Inc. has executed with the City.

8. Upon finding that Cox Machine, Inc. has failed to meet its obligation under the Economic Development Incentives Agreement, the City Council shall require the repayment of all prior amounts of taxes that have been exempted and shall withhold any future exemption of taxes on Cox Machine's expansion project. All repayments shall be redistributed to the local taxing authorities at the proper taxing rates.

9. This Ordinance shall be in full force and effect from and after its passage and publication in the official City paper.

Passed by the governing body of the City of Wichita, Kansas this 25<sup>th</sup> day of May,

---

Carlos Mayans, Mayor

ATTEST:

---

Karen Sublett, City Clerk

Approved as to Form:

---

Gary E. Rebenstorf, City Attorney

## COX MACHINE, INC.

### Exhibit I

#### Equipment purchases

##### 2004 Equipment

SMW 2100 All Electric Servo Bar Loader	\$ 7,091
Fadal 8030 Boxway Horizontal Machining Center	81,400
Tipshear-Beere Precision Products	1,936
Drill Sharpener-Darex Corp.	3,044
Electrical Discharge Machine	2,475
KIWA KNH 426	370,000
Inspection Equipment	718
Horizontal Machining Center – Makino	356,160
Parlec Tool Presetter – Makino	14,536
Parlec-90 Deg Double End Driven Tool	1,403
8 Digit Tool Code – Makino	<u>1,400</u>

**Total Equipment**           \$ 840,163

**Total Expansion Project**   **\$ 840,163**